

1859

Canada landed credit company.

Prospectus.

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PROSPECTUS

OF THE

Canada Landed Credit Company

INCORPORATED BY

22 VICTORIA, CHAPTER 133.

“LIBÉRATION PAR AMORTISSEMENT.”



TORONTO:

PRINTED BY THOMPSON & CO., 77, KING STREET, EAST.

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P R E F A C E .

The Act 22nd Vic., chap. 133, incorporating this Company, has founded in Canada a great institution. In giving to landed property a mode of credit conformable to its nature and proportioned to its necessities, it has furnished it with the means, at once easy and powerful, of freeing itself from incumbrances and of promoting its permanent improvement.

The agricultural interest has long raised its just complaints on the scarcity and consequent dearness of money which is lent to it, upon the enormous charges which borrowers are occasionally put to, and upon the great difficulty which is found to exist in repaying, at a short date, capital which is employed in the cultivation of the soil, only brought to perfection by a successive augmentation of its products at the end of a great number of years. Thus, whilst money had on mortgage increases every day, property, far from being able to free itself from the incumbrance, and at the same time to permit of proper cultivation, has at length, in numberless cases, succumbed under the weight of burdens too great for it to bear.

Is it not the case, that a proprietor who borrows on mortgage, sees his income absorbed in the payment of interest and taxes, and family expenses? That in the impossibility of his repaying the capital when it becomes due, he is forced to solicit, to him, very burdensome delays, and at length arrives, not unfrequently, at the point where he is dispossessed and ruined.

This is the every day experience of many who are, and have been, landed proprietors, and if so, it is a deplorable situation, and it deserves the best energies of every thoughtful man to see that it is not prolonged; to adopt and support any plan which holds out the prospect of a *gradual liquidation of an amount borrowed*, of a freedom from incumbrance so adjusted, that an advance made to a landed proprietor shall be, as it were, imperceptibly cancelled. If you do not find some such means—if you do not procure for agriculture, capital at a moderate price, it can never rise beyond depression, and the onward progress of the Province will be seriously impeded.

We are led to enquire, to what causes these difficulties ought to be attributed. Why should immoveable property, the most solid of all securities, not succeed in attracting capital to it except on conditions more strict and onerous than commerce and trade, why? Because, when it

has contracted loans, it finds much difficulty, almost amounting to an impossibility, in repaying them.

In the old countries of Europe there was little security to the capitalist who lent on mortgage. There was no publicity of Titles. There might be hidden mortgages, annuities, or rent charges, and in the case of a loan or purchase being effected, no possibility of ascertaining these facts; exposing the lenders to such great risks, that it was said in France, "When one purchases, one is never sure of becoming the proprietor, when one lends on mortgage, one is never sure of being re-paid." This defect of security, however, does not apply to Canada, inasmuch as the Registration of deeds being of universal obligation throughout the Province, the true state of title is at once easily and cheaply ascertained; and when to this advantage is added the important fact of titles being derived directly, or almost directly, from the Crown; and also when the annually progressive increase in the value of landed property, is considered, one sees that the mortgage in this country, even on the old system, is the very best security, as a security, the capitalist can have; yet there is one serious drawback—the great sacrifice which a lender must make if he wants his capital before the mortgage is run out, and the costs and the delays, if a suit of foreclosure is resorted to. So that we comprehend how it is that lenders exact from borrowers, over and above the natural price of money, a sort of premium, which is to them a compensation for the dangers and difficulties of repayment.

Another principal cause is in the mortgage system itself, which requires the debt to be repaid in one sum all at once. The great attraction which attaches to the possession of the soil gives to it a value far above its productive power. Too often we buy beyond our resources—too often we burden ourselves to excess. The income of the mortgaged estate is oftentimes insufficient to pay even the interest; with what reason then is it expected that the whole capital itself should be repaid all at once at a short date? Whilst the farmer accumulates slowly, by an annual economy, or by the gradual increase of his produce, the term of repayment, the inexorable term, comes upon him rapidly, and he finds it an impossibility to make payment all at once of the whole amount.

Hence the constant torture of mind of the landed proprietor, hence the irregularity in the payment of the interest and in the repayment of the capital which has been lent to him; hence also, by a very natural consequence, the strictness of the conditions which he is very often forced into by the lender.

Such are the causes which have exercised so dire an influence on landed credit, and which have so long paralyzed the development of agricultural industry and production in this country.

It would here be very natural to indicate the working of the plan now established amongst us, and by which the evils of this vicious mortgage system will soon disappear; but before doing so, we will endeavour to give a short history of the Landed Credit system as now established on the continent of Europe.

The system of paying off a mortgage debt by little and little, dates from the earliest times of which we have any account, and even in England it obtained at a very early period, so that there is nothing new or original in the plan now under notice. But although in England, ages ago, it became incorporated, and ultimately lost in a more vicious system, it was again revived, and has been the one almost universally organized on the Continent of Europe for the last 80 years.

The origin of these institutions in Europe is now well known. The most ancient dates back to the year 1770. It was founded in Silesia. The country, we are told, was in a deplorable state. The effects of the seven years' war, the rise in the rate of interest and the low price of agricultural produce after the war was over, had reduced the proprietors of land to a sad extremity. Their credit was ruined, and capital at once deserted them. In this wretched state, a Berlin merchant, M. Büding, came to their rescue and proposed a remedy.

His plan was simply to combine all the estates of all the proprietors into one security, and to substitute that combined security for the individual security of each separate debtor. The plan at first was very imperfect, for there was yet wanting the grand principle of the system, a sinking fund. Yet it produced the most admirable effects—the rate of interest fell, capital returned, and usury, which feeds on the poor man's hard necessity, fled the country. Proprietors who had been in momentary expectation of being dispossessed of their estates, were now enabled to obtain fresh and additional loans—agriculture more than ever prospered, and the land, in consequence of these new advantages, increased rapidly in value.

The success of this first experiment (which was made under the auspices of Frederick the Great, a success of which any Sovereign or Government might be proud) brought about by degrees the foundation of a great number of establishments of the same kind in the rest of Germany, Pomerania, Bavaria, Wurtemberg, Hanover, Galicia, Mecklenburgh, Saxony, and many other States. Principalities or Duchies, have seen them successively established amongst them. Many Sovereigns encouraged them by subsidies. In some countries the State managed them, in others they were formed by an Association of Landed Proprietors or by Commercial Companies, but all were under the surveillance, and many of them had the care and countenance of the Government.

Submitting to strict rules, invested with privileges and powers which assured the prompt repayment of their advances, these establishments every where inspired a just confidence, and we find that even in the most difficult times they were enabled to hold on their way without having recourse to any rigorous proceedings against the borrowers; and what is remarkable, in the midst of the most grave crises which occasioned wars or revolutions, the value of their debentures, under the title of "*Lettres de gage*," maintained a rate always superior to that of the public funds, and why? *The capitalist knew that he had good and immoveable land for his security.*

Nor were the benefits of these institutions confined to the great estates, for whose special benefit they were at first organized. Every where, where they were established, they worked to the advantage of the landed proprietors great and small, more especially in the reduction of the rate of interest. They lessened the encumbrances on the land, and they furnished it with the means of cultivation.

These institutions, we have seen, have extended themselves all over the Continent of Europe, and it may occur to some, if their tendency is so beneficial, why have they not been established in England, the answer is, that in England there is no general registry of landed property whereby the state of a title can be easily and cheaply ascertained, an essential element in the working of these institutions. A writer in the *Edinburgh Review* for October, 1857,* says that, "without such a register no plan for effectually facilitating mortgages on land can be devised, such a register exists in other civilized countries of Europe, and the fact of our not having one ourselves is a disgrace to our Legislature." So that in this respect we are in Canada in a much better position than they are in England. We possess a registry of titles—a registry, as a general rule, well kept and admirably adapted for the working of a Landed Credit Institution. We have embraced the opportunity, and a Landed Credit Company is now organized amongst us.

Thus we have endeavoured to shew, why capital is not attracted to the land, and we have given a short history of the rise and progress of institutions founded on the Continent of Europe, for the express purpose of relieving agriculture, suffering from the very same causes which weigh down and oppress that important interest in our own country; and we now direct attention very briefly to two or three of the important features of the Landed Credit System as established by the Act of last session.

*The writer is indebted to the able article in this Review titled "*Landed Credit*," and also to the "*Traité du Crédit Foncier*, par J. B. Josseau," for many valuable suggestions; and he would also express his acknowledgments to the aid derived from that valuable work, "*Tooke's History of Prices*."

COMBINED SECURITY.

The first is the just confidence which a lender will have, when he knows he has for his security the accumulated securities of a great number of estates, all vested in one individual or company. If a party had lent perhaps his all, on an estate which, through fraud or forgery, turned out valueless, he is utterly ruined; but if he had lent his money to a well managed Landed Credit Company, so terrible a calamity could not have happened. The rest or reserved fund, which the Company has, meets a contingency of this sort; or put it in the worst point of view, if that fund was insufficient, or if there were no fund at all, then all that could happen would be that the next half-yearly dividend would be a quarter or half per cent less. We do not like diminished dividends, but the wide spread misery of a ruined family has been averted and not a complaint is heard.

SINKING FUND.

In connexion, and forming an essential feature in this Company, there is a sinking fund. The repayments by the borrower, which are small, and made at long intervals, become his capital, and by the steady application of interest and compound interest to it, the growth of that capital is so rapid that in a few years it reduces considerably, and eventually pays off the principal debt. The wonderful rate at which a sinking fund increases must be obvious to most persons.

The following table is given to demonstrate the soundness of the principle embodied in this undertaking, and will show, on a small scale, the progressive increase in 13 years, of an annual payment of \$400, at 6 per cent. :

First years payment.....	\$400
Second with interest on former payment added.....	824
Third.....	1273
Fourth.....	1719
Fifth.....	2253
Sixth.....	2788
Seventh.....	3355
Eighth.....	3956
Ninth.....	4593
Tenth.....	5269
Eleventh.....	5985
Twelfth.....	6744
Thirteenth.....	7548

In the thirteenth year the interest is actually greater than the an-

nual payment, and it would go on increasing rapidly, and if continued for ten years longer would extinguish a debt of \$20,000.

The law of accumulation of money at compound interest is so simple, and yet its powers are so prodigious, that it has been demonstrated with mathematical certainty, that any sum, however small, increasing at that ratio, would, in a given time, extinguish any debt however great; and the table just referred to makes this so plain, and shows the applicability of the principle to paying off mortgage debts, that we would only further notice the early history of this principle, and then remark on one or two of the advantages this Company holds out, by adopting it on the one hand, in order to make available the principle of progressive liquidation on the other.

George the Third, in 1790, had the credit of establishing, or rather reviving at Zelle, in Hanover, the system of extinguishing a mortgage debt by little and little every year, instead of repaying the principal in one sum. This was an improvement on the system established in Silesia in 1770.

"Experience," says the writer already referred to, "has shown under ordinary circumstances, that agriculture cannot repay in one sum, all at once, the capital advanced by way of loan to the soil. Any new plan giving additional facility in advancing money for that purpose, will, unless a plan of *gradual* repayment be enforced, in the course of time, increase the difficulties of the borrower. The temptation to borrow becomes greater, the time for repayment more distant, more and more impossible. The proprietors, overwhelmed with debt, at least recognized that a system must be bad which is not only powerless in preventing them from being dispossessed, but which, by delaying it without cause, makes that ruin more and more certain, and retains them always on the brink of the precipice."

We have, at the outset, referred to some of the advantages of the system, we may further remark on one or two others

The repayments by little and little to a sinking fund hold out a great advantage to a borrower who at any time may wish to sell. We suppose him to have an estate of 300 acres, 200 of which are cleared; he has had difficulty in getting on for want of a little capital; his land is not half so productive as it would be with but a slight addition of labour bestowed upon it; his stock are few and poor; his farming implements inconvenient; his cottage mean and devoid of comfort. Now, with the \$4000 borrowed of this Company and laid out with judgment, he sees his crops greatly increased; his cattle numerous and in fine condition; his implements of husbandry of the best construction and which he uses

without stint, and his dwelling enlarged and now affording every necessary comfort; and, moreover, he has added to his really productive farm 50 acres of the 100 acres left in wood. He had borrowed the \$4000 repayable in 23 years by \$80.80 yearly, a payment easily made and almost insignificant in comparison with his present advantages, and he has enjoyed his bettered condition, we will suppose, for five years, and now for some cause or other wishes to sell. Had the money borrowed been an ordinary mortgage liable to be called in on six months notice, he would have found this next to impossible, except at a ruinous sacrifice: a purchaser would shrink from any negotiation unless the first condition was that the mortgage must be discharged, which the mortgagee might not just agree to at that time. Humiliated he seeks a purchaser from door to door in his own little world, and employs at great expense first one agent and then another who do the like, but the mortgage bug-bear is seen in every face, and so in time he wearies of the search. The load is borne for many a year, and at length being unable to repay so large a sum all at once, he is relieved from it by being relieved of his estate, which has been sold by order of the mortgagee to pay himself his principal, interest and costs.

Now, with the inconsiderable repayments allowed by the Company this mortgage is no objection whatever; but rather to the small capitalist at least, the very person the borrower is most likely to meet with, a positive advantage. For he having at his disposal perhaps only just the agreed value of the estate and stock, pays down all *but the remainder of the mortgage money*, which he retains to pay off gradually, and this very sum enables him to carry on the requirements of his new and really handsome farm with advantage, comfort and independence, and without the least fear of a six months notice to pay off the mortgage. An immense advantage it is to the borrower that he has the entire control of the mortgage money for the full term agreed on, whilst if he wishes by giving three months' notice he can pay it off at any time.

The company by having connected with it a sinking fund, will destroy most of the evils attendant on the present system of mortgaging; it will create habits of order among proprietors, by rigorously enforcing the punctual payment of the interest when it becomes due; by receiving and investing these small annual payments at compound interest, it not only is enabled to restore to the borrower his estate perfectly free, but also makes him feel that every year his debt is decreasing in amount through his own prudence. And he sees in the spirit of our motto, there is "freedom from debt by means of a sinking fund."

Another advantage of the sinking fund is, that it is at least a check on the inclination of some parties to borrow for undesirable objects. They

know before hand that they must pay back annually, and therefore if they do not invest the money borrowed judiciously, it will be out of their power to comply with this requirement, and their estates will be lost to them. The chief object of the Company is to assist Agriculture—and it looks to the annual increase of the land as the best and surest means of repayment of both principal and interest. Experience, however, shows that some few persons will borrow for extravagant and undesirable objects, no matter at what cost. It cannot be prevented, but it is believed the system pursued by the Company will at least act as a check on such propensities.

Another important feature in the new system is,

THE DEBENTURE.

Whilst the plan of paying a mortgage debt off gradually was in use in England at a very early period, the plan of raising mortgage money by debenture or "*Lettre de gage*," as it is called in Europe, is of modern date, at least it is coincident with the system established on the continent of Europe. The debenture,* in fact, supplies the place of the mortgage deeds which represent the land, and which instead of being handed to the lender, remain in the hands of his agent, or, in other words, with the Company, who hold them for him. The lender may keep the debenture in his strong box, contented in knowing that he has improved land for his security and that he receives the interest with regularity half-yearly, just as he would do if it were an ordinary mortgage with this difference and this great advantage, that if at any time he wished again to have the use of his principal, the debenture is easily negotiated, and being made payable to bearer, is transferred without expense. It is a marketable commodity, and at any moment can be converted into money. Bankers and Capitalists not only accept but seek after these Landed Credit Debentures, for if on the one hand they lose the advantage of having a debt which they can demand payment of only at a fixed period (a questionable advantage,) on the other hand they find in these simple instruments, the precious facility of receiving their capital when convenient to them by negotiation.

If the lender had merely the mortgage deeds in his possession, he would find them only an encumbrance; he could make no use of them, no one would advance money upon them, and even if he had been so fortunate as to have had his interest punctually paid, if the time came when he wanted his principal, his only course would be to give a six months' notice—if the mortgage were not for a specified time—to the borrower to pay

*It is a promissory note based upon the credit of the capital of the Company, and on the securities held on real estate by the Company, and given in exchange for money lent to the Company.

him ; and the great probability is, that having undergone the disagreeable business of pressing his debtor for months after the expiration of the notice, he at length only gets paid by a sale of the estate. How much more satisfactory to be freed from so disagreeable a necessity ; to be sure of his interest to the day, and of his principal the moment he wants it.

The Company will only advance its monies upon first mortgages, and this circumstance, combined with the important fact that, by its returns to the Government it cannot issue more debentures than there are securities to represent them of double their value, must be an assurance to the capitalist, that these Landed Credit Debentures are issued upon a permanent and safe basis.

Such is a general outline of the Landed Credit System which has now—we say it advisedly—*taken deep root amongst us*. It has, however, still many difficulties to surmount. It will have, like every great discovery on its first introduction, to contend with the prejudice of one party and the sordid interest of another party. But it is destined to overcome all opposition ; and we feel assured that when the true spirit of this new institution comes to be well understood, the entire population of this great country will fully appreciate, and with one voice proclaim its benefits.

CANADA LANDED CREDIT COMPANY,

INCORPORATED BY ACT OF PARLIAMENT.

CAPITAL, \$1,000,000. SHARES, \$50 EACH. DEPOSIT, \$2 PER SHARE.

PRESIDENT:

LEWIS MOFFATT, Esq.

VICE-PRESIDENT:

W. P. HOWLAND, Esq., M.P.P.

DIRECTORS.

THE HON. G. W. ALLAN, M.L.C.

F. H. BURTON, Esq., M.P.P.

THE HON. MALCOLM CAMERON, M.P.P.

RICHD. L. DENISON, Esq.

CHAS. DONALDSON, Esq.

W. P. HOWLAND, Esq., M.P.P.

THOS. D. HARRIS, Esq.

LEWIS MOFFATT, Esq.

WM. McMASTER, Esq.

SAMUEL SPREULL, Esq.

MR. SHERIFF SMITH, Collingwood.

E. W. THOMSON, Esq.

BANKERS:

BANK OF BRITISH NORTH AMERICA IN CANADA AND IN ENGLAND.

MESSRS. GLYN, MILLS & CO., LONDON.

STANDING COUNSEL:

STEPHEN MAULE JARVIS, Esq.

AUDITORS:

WILLIAM ALEXANDER, Esq.

CHARLES ROBERTSON, Esq.

SOLICITOR AND SECRETARY:

JOHN SYMONS, Esq.

HEAD OFFICE—VICTORIA HALL, TORONTO.

LONDON AGENTS:

MESSRS. ROBERT BENSON & CO., 62, Gresham House, Old Broad Street, London, E. C.

The object of this Company is to encourage the flow of capital to the soil of this Province. The Company is the receiver of such capital, which it then lends to the proprietors of the land, who repay the same by means of a sinking fund.

Similar associations have long obtained, and are now universally organized on the Continent of Europe, where they have proved to be of such signal benefit, both to the lender and borrower, as entirely to supersede the old mortgage system.

The advantages the "Canada Landed Credit Company" offers the borrower may be shortly stated:

1st. He is enabled with great ease to borrow of the Company the sum he requires, without having recourse to the heavy expense of employing a number of Agents. He has merely to satisfy the Company that he is entitled to the estate which he proposes to give as security, an estimate is made of its value by the Company, and the estate is duly registered as a security to the Company for the amount advanced.

2nd. By borrowing of this Company there is no possibility of the borrower ever being called upon suddenly or unexpectedly to pay off the debt. When the money is borrowed he enters into a contract to pay a certain fixed sum yearly, in addition to the interest into a sinking fund, and the Company agrees with him that when the amount of these small sums, which bear compound interest, equal the amount lent, his debt will be cancelled and his estate will have become entirely free. Experience has shown, under ordinary circumstances, that mortgage debts are rarely repaid in one sum all at once. The repayment is seldom if ever made until after a lapse of years, and then generally by a sale of the estate. The Company offers the borrower the great advantage of paying off his mortgage debt, little by little, so that at the end of a certain definite time the estate will be his own, and once more, through his own prudence and foresight, entirely free. It is a Savings Bank for him, in which he can conveniently place a small annual saving to accumulate at interest and compound interest, and be the means eventually of paying off his debt. It cannot be expected that an individual lender will take any such trouble and agree to receive these small yearly or half-yearly instalments, nor will any borrower take the trouble of investing for himself a small annual payment for a great many years together with the interest as it accrued. The debt is expected by the lender, when paid, to be paid off in one sum or several large sums. But what the borrower cannot do for himself, and what the lender will not do for him, will be done with the greatest ease by this Company.

3. The borrower, on giving notice, will be allowed to pay off his debt at any time, and the different sums he has paid to the Sinking Fund, with compound interest, will be reckoned in the account.

The advantages offered by this Company to the lender, are reciprocal :

1st. The lender has the security of a number of Estates collectively, together with the certainty of his interest being paid regularly to the day, without his ever having to seek after, annoy, or dispossess any individual. The Company alone being responsible to him.

2nd. The lender has no anxiety, care, or even thought, as to the character of any individual borrower, or of the value of the land mortgaged.

3rd. The security or debenture which he holds is a marketable commodity, easily transferred from hand to hand, so that he can convert it into money at any moment.

4th. The Sinking Fund of the Company—whilst it makes the borrower feel that every year his debt is decreasing in amount, and secures to him, in course of time, perfect freedom from debt—is every day improving and making more effectual the security of the lender. There is daily, as it were, money accumulating to meet the sum advanced by the lender, and his security is, in consequence, more and more established.

In explanation of the applicability and advantage of a sinking fund for paying off a mortgage, suppose \$1000 are lent ; at the end of each half year the borrower pays the interest, and half yearly also, \$2.02 per cent. of the mortgage money, or \$10.10 to the sinking fund,—every year his capital in the sinking fund by the half yearly payment of \$10.10 to which is added interest and compound interest, steadily and rapidly increases, so that in 23 years the mortgage is paid off, and during this period, of the money borrowed, only \$464.60 have actually been repaid, the balance being made up by interest and compound interest.

In few cases, however, would a mortgage be allowed to run out,—at the end of ten years it would be so greatly reduced that by a little effort, if it were wished, it could be wholly paid off, and the great probability is, that by the aid which has been afforded by a timely flow of capital to the soil, its fertility being thereby greatly increased, the borrower would find his circumstances so improved, that at the end of five years he would be in a position to take back his estate wholly free from the mortgage debt. But supposing he does not wish or is not able to redeem the mortgage before the time agreed upon, if he only pay the interest and the 2.02 per cent., the sinking fund will do the rest, and daily, as it were, be diminishing, till ultimately it has extinguished the entire debt.

From these, which are only a few of the advantages this Company offers to the lender and the borrower, it will be seen that the question of facilitating the means of borrowing, and of encouraging the flow of capital to the land is one of the greatest importance in a national point of view. The farmer who desires to render his land in the highest degree productive, to adopt a system of drainage, to keep good fences, to build barns, to use the best implements, and to enlarge and improve his dwelling, will not hesitate to borrow capital when it can be had and repaid with such certainty and ease. To borrow money on landed security will cease to be a sign of poverty, and be one of the ways of becoming more wealthy and of benefitting society—the labourer, the artisan, the merchant, as well as the landowners will all be materially benefitted by the stimulus given by this great undertaking.

As regards the Company itself. Its object is to be the intermediary, the friend of both lender and borrower. It has to see that the payments are made with regularity, and to invest them, or a portion of them again as the accumulating fund to pay off the debt according to previous agreement. The Company has also to pay the interest to the lender, on the day it becomes due. In everything the Company holds the balance equal between the capitalists and the landed proprietors.

A part of the capital will be raised in England. There are thousands there, as well as in Canada, who will eagerly invest their surplus funds where there can be no risk, and where the interest is certain to be paid to the day. Capitalists advancing money on the security of productive land in a country, prosperous beyond parallel and where the monied institutions are upon a firm basis, have the highest and best security it is possible to give.

The accounts of the Company, which will be under the supervision of the Inspector General, will be made up and the dividend and interest paid half-yearly, either in Toronto or London.

As regards the interest and profit which shareholders may expect, some Companies held out the inducement of a very high interest, when, as in the case of investments in railways, the returns are based on assumed traffic, which may or may not be, and which rarely is realized, to the great disappointment and often ruin of many; but this cannot happen in a well managed Landed Credit Company, whose capital is at once invested on the security of land, the return from which is ascertained and sure. The interest, therefore, may fairly be expected to be from 7 to 8 per cent. immediately; and, prospectively, the shareholders will participate in the profits either as a bonus or as an addition to their interest.*

It is not expected that more than \$5 per share will be called up at any one time, and then only at long intervals.

*The Stock in this Company cannot fail to be more attractive than any other Canadian Stock, whilst the Share Capital remains the same in amount, the Debenture Capital will be increased to a considerable extent, and the profit made being the difference between, say 6 per cent. on the capital borrowed where money is cheap, and 8 per cent. at which it is lent here, will yearly augment the Shareholders dividend, which careful calculation shews will in a very short time be 12 per cent.

The foregoing prospectus will have given a general idea of the scope and aim of the Company and to fill up the outline, to some extent at least the following observations are offered.

CAPITAL.

The capital has been fixed at \$1,000,000. But it is expected that hereafter power will be granted to increase it to a considerable amount.

It is a peculiar feature of this Company that it is empowered to borrow on its own security—the Company being itself secured by the accumulated securities of a number of estates all mortgaged—the exact amount of money which it has lent. If, for example, \$100,000 be let out on mortgage, the company may issue its certificates or debentures for a corresponding amount, bearing interest and these may be issued, not one debenture for one mortgage, say of \$2,000, but in debentures of various amounts from \$50 upwards, altogether making up \$2,000. They are issued in small amounts so, as to be easily negotiated, and so as to suit the small as well as the large Capitalist.

Without some check there might no doubt be more debentures issued than there were securities to represent them. The act therefore provides that audited returns similar to what the banks are required to furnish, shall be made half yearly to the Government and published in the *Gazette* and certain newspapers, of the then state of the affairs of the Company, shewing the amount of securities in its possession, and the amount of debentures issued and afloat, which are never to exceed the amount lent or due on those securities.

As already stated the capital is raised by two classes, shareholders and lenders or depositors. Both are certain of their interest being paid to the day, the only difference being that the former, who incur all the risk of establishing the Company and are responsible for its good management, will be entitled to share in any profits that may be made, they will have the Government of the Company, be entitled to vote, and eligible to be elected on the direction, and have and enjoy all the recognized privileges of shareholders.

As most of the capital will be raised in Europe, the Company is invested with, and if hereafter it should be thought desirable will exercise any powers which the Parliament of Great Britain may from time to time give to it, as regards such capital or any other matter connected with the government of the Company, provided that such powers be not inconsistent with the Provincial Act of Incorporation, or the Statute Law of this Province.

THE COMPANY.

The Company is not in the interest exclusively of either capitalist or landed proprietor, but of both. It is their agent or intermediary. It does not seek to obtain for one very large profits at the ruinous cost of the other; but it will give to the capitalist in Canada the highest market value for his money, and to the Capitalist in England a much higher value for his money than can there be obtained and with that regularity and ease, the absence of which are so severely felt by mortgagees on the old system in both countries, at the same time that it accomplishes all this by facilitating the means of mortgaging—of encouraging the flow of capital to the soil, it will confer inestimable benefits on agriculture and on all persons connected with it from the owners down to the humblest laborer employed.

Whilst, however, the company holds the balance even between the lender and the borrower, it will be bound to seek a slight advantage on the behalf of the shareholder who has risked his capital in establishing it, and who, so long as the Company exists, is responsible for its good or bad management.

THE BOARD.

The Company is governed by a President, Vice-President and Board of twelve Directors, six of whom go out of office by rotation in each year, but are eligible for re-election as Directors. The Board is responsible to the shareholders for the appointment of their officers and for the conduct and management of the affairs of every department subject and in accordance to the act of Parliament and the By-Laws made thereunder.

NATURE OF SECURITY.

It is a fundamental rule of the Board that no advance be made but on improved landed property yielding an annual income, (with, however, an exception hereafter mentioned), which term includes buildings, fully insured in an office approved of by the Board; and therefore only those borrowers who are possessed of such property will be treated with; and although the Board cannot dictate the application of the money, yet since it is one of the chief objects of the company to assist agriculture, those parties will always receive consideration who can show to the satisfaction of the Board that the money proposed to be borrowed, is for the purpose of being laid out in the further improvement of the land offered as security. An exception to this rule is, however, made in the case of a borrower seeking a loan on the security of wild land or for drainage of land, in which cases the amount must be laid out on that land under the superintendence and to the satisfaction of the Company's Surveyor.

No advance is allowed to be made on personal security or on personal property.

Nor will the Company lend except on a first Mortgage.

The proportion of the sum lent to the value of the estate will be determined on from time to time by the directors, but as a general rule it will not exceed in amount one half of the value ascertained by the surveyor of the Company.

LENDERS.

It is one great advantage of this Company that the lender deals exclusively with it. He has no anxiety, care or even thought as to the character of any individual borrower—he does not even know what particular estate or estates are his security for the money he has lent. He has to look to the Company alone and to satisfy himself of the respectability and responsibility of that Company, and to satisfy himself that it will not issue more debentures than it has securities in its possession; and to secure this latter object, audited returns are to be made to the Government of the Company's affairs, as already stated, thus giving the strongest guaranty to the public for the good management of the Company.

In Canada, where there are so many industrial enterprises, offering large returns for capital employed in them, it is not to be expected that any great amount of capital will be diverted from them, even though the investment offered by this Company be on the most solid basis—the interest fixed and certain, and the repayment attainable at any moment. But are there not a great number here, and with how much greater force does it not apply to England, where interest is low, who will eagerly seek after the debenture which is secured by good land to twice its value? Such are, for example, mercantile houses, who frequently possess current funds, often considerable, which are unproductive, would not these invest in the debentures of this Company, for whilst getting a good interest they can realize at any moment?—the funds of those who are incapable of managing for themselves—those arising from rigid economy, or periodical savings—those belonging to the public establishments—the cautious capitalist—all those who seek after sure investments, rather than very high interest obtained at great risk of security. Will not all these invest in the Landed Credit Debentures, when issued on an unexceptionable basis?

As a guaranty for the performance of its engagements with the holders of the Debentures, the Company offers to them:

1st. The advantage which it possesses of the first half years annuity of the borrower being paid in advance.

2nd. The rigour with which it will enforce the punctual payment of future interest.

3rd. The resources which the sinking fund places at its disposal.

4th. The strict punctuality with which it makes its own payments.

DURATION OF THE MORTGAGE.

Although the Company adopts the period of 23 years as the utmost limit to the term of repayment, it must be understood that it is not compulsory. It does not prevent the borrower himself, who may wish it, for some particular reason, agreeing for a shorter period, when his means will permit of his doing so. The shortest period the Company will lend on mortgage will be five years, and the longest period will be twenty-three years. The advantage of the longer period to the borrower is obvious, and no doubt will generally be embraced, whilst it is a matter of indifference to the Company whether the period be long or short. In either case it is always sure of its interest, which is its chief concern, in order to enable it to meet its engagements with the lenders. The only real difference being, that if every mortgage were for the longer period a less number of proprietors would be accommodated. But as in the longest term allowed, 23 years, there would be few cases where the mortgage would run out, for circumstances would be sure to arise, such as the change of possession, the deaths of parties, or the improved position of the owner, rendering it desirable that notice be given to the Company to pay off the debt; so that it is probable the average duration of the mortgages would not exceed ten years. It is therefore a matter of no moment to what period of time, within the limits mentioned, the mortgage is allowed to extend.

The following table will show at a glance the amount to be paid the sinking fund for a loan of 100 dollars for any given number of years, from five to twenty-three inclusive:

TABLES OF THE SINKING FUND OF THE CANADA LANDED CREDIT COMPANY.

TABLE NO. 1.

Of the amount of contribution to the sinking fund, for the purpose of liquidating \$100 advanced. Payments to be made every six months, and in advance; the first at the time of the loan, accumulated at 6 per cent, compound interest; also showing the amount of the total annuity payable by the borrower.

DURATION OF THE LOAN	SINKING FUND	HALF-YEARLY SINKING FUND	TOTAL ANNUITY.	HALF-YEARLY PAYMENT THEREOF.
	\$ c.	\$ c.	\$ c.	\$ c.
5 years.....	16 94	8 47	24 94	12 47
6 "	13 70	6 85	21 70	10 85
7 "	11 38	5 69	19 38	9 69
8 "	9 64	4 82	17 64	8 87
9 "	8 30	4 15	16 30	8 15
10 "	7 24	3 62	15 24	7 62
11 "	6 36	3 18	14 36	7 18
12 "	5 66	2 83	13 66	6 83
13 "	5 04	2 52	13 04	6 52
14 "	4 54	2 27	12 54	6 27
15 "	4 10	2 05	12 10	6 05
16 "	3 70	1 85	11 70	5 85
17 "	3 38	1 69	11 38	5 69
18 "	3 08	1 54	11 08	5 54
19 "	2 82	1 41	10 82	5 41
20 "	2 58	1 29	10 58	5 29
21 "	2 38	1 19	10 38	5 19
22 "	2 20	1 10	10 20	5 10
23 "	2 02	1 01	10 02	5 01

The annuity includes the interest, the amount to be paid to the sinking fund, and the charges of management.

Thus, the annuity of \$10.02 shown in the table for the loan of \$100, returnable in 23 years, is thus composed, as near as circumstances at present will admit of calculation :

Interest.....	\$7.50
Costs of management.....	50
Sinking fund.....	2.02

Total.....\$10.02

In other terms.

The borrower pays annually for interest and costs of management \$8, and to repay the \$100 borrowed, he adds to his annual payment the

further sum of \$2.02, destined for the liquidation of the principal at the end of 23 years.

Thus 23 payments, of \$2.02 each, amount to \$46.46, and the Company adds to this sum for compound interest at 6 per cent. which it has made for the benefit of the borrower, \$53.54; total \$100.

In fact, 23 payments of \$2.02, divided and made half yearly, will, with interest at the rate of 6 per cent., produce \$100.

If the borrower elects to pay a larger amount to the sinking fund, say 5.04 per cent. instead of 2.02 per cent. the debt is paid off in 13 years.

The annuity for the respective terms from five to ten years inclusive, is too high for general adoption, and would only be selected to answer some special purpose. Most borrowers, as already stated, would no doubt prefer taking the longest period, which involves the smallest annual payment, and if able to pay the loan off sooner, would take advantage of the rule which permits of his giving three months' notice for that purpose.

To find the annuity of any loan, multiply the loan by the annuity, according to its duration and divide the product by 100.

EXAMPLE.

What is the annual repayment of a loan of \$1000 for 23 years at 6 per cent. interest?

The annuity in the table for \$100 is \$10.02.

$$\text{Therefore } \frac{\$1000 \times 10.02}{100} = \$100.20.$$

In other words:—

The amount to be paid for interest, and to the sinking fund annually, for a loan of \$1000, is \$100.20, or half yearly \$50.10.

A privilege is accorded to borrowers in this Company of paying off the mortgage debt at any time.

The Loans are, on the part of the Company, made for a long duration of time, in such a way as to require of the borrower, over and above the interest, the payment of a small sum annually, destined to form insensibly, by way of accumulated interest, the capital of the borrower which is to pay off the mortgage.

But the borrower has always the privilege of liberating his estate from the mortgage debt by anticipation, on giving three months' notice.

The Tables, to facilitate the calculations for discharging the debt on receiving such notice, have not yet been perfected, and as it will neces-

sarily be several years before they are required, it is unnecessary further to allude to this point than to say, that this privilege of repaying the mortgage by anticipation, which permits a debtor to rescind his part of the contract at any time which suits his convenience, whilst the Company remains bound to the end of the time first agreed upon, is one of the great advantages of the Canada Landed Credit Company, in favor of borrowers.

INTEREST.

The interest charged on all loans will not exceed 8 per cent. per annum.

The punctual payment of interest on the part of borrowers is an essential condition of the success of the Landed Credit System, for without this the Company would be unable to observe extreme punctuality in their payments of interest to the holders of the debentures which could not in consequence be negotiated. The Company therefore will be bound to see that the strictest attention be paid to this very important point.

CANADA LANDED CREDIT COMPANY—ANNUAL GENERAL MEETING.

(From the Toronto Leader, Jan. 6, 1859.)

The first annual general meeting of the "Canada Landed Credit Company" was held yesterday, in the rooms of the Company, Toronto Street. There was a large number of shareholders present, among whom were Lewis Moffatt, Esq., President; Hon. Malcolm Cameron, M.P.P., W. P. Howland, Esq., M.P.P., Col. Thomson, R. L. Denison, Esq., T. D. Harris, Esq., William McMaster, Esq., S. M. Jarvis, Esq., and Samuel Spreull, Esq., of Toronto; F. H. Burton, Esq., M.P.P., Wm. Wallis, Esq., and W. H. Whitehead, Esq., of Port Hope; J. A. Tidy, Esq., Norwichville; Sheriff Smith, Collingwood; Wm. Lattimer, Esq., Howard; C. Donaldson, Esq., St. Catherines; John Lynch, Esq., Brampton; John Beard, Esq., Woodstock; Benjamin Walker, Esq., St. Thomas; H. Hatch, Esq., Guelph; Arthur Macdonald, Esq., Cobourg; Thos. Nicholls, Esq., Goderich; and R. H. Smith, Esq., Newmarket.

John Symons, Esq., Secretary, read the notice calling the meeting.

The President then said: Gentlemen, you have heard the notice calling the meeting read, and it now devolves upon me to mention the business that will be required to be done on this occasion. You will shortly have read to you a report setting forth the steps that have been taken to organize this institution, and I fully hope they will meet with your approval. It will be necessary to elect Directors for the ensuing year. As the institution is likely to be one of a very important character, it would be well that you should elect such men as you have full confidence in, and in order that there may be a full quorum always in the city, it would be desirable to have a sufficient number of gentlemen from Toronto on the board, for that purpose. Although there may seem to be some sort of apprehension that if the direction is composed entirely of Toronto gentlemen, they would be apt to monopolise the means of the Company, I can assure you there is no

ground for any such feeling. The gentlemen who have already acted on the board are gentlemen who are possessed of property different to that on which we intend to loan. It will be the business of this Company to confine its operations to advances on land; and it is the farmer that will be principally benefitted by this, though of course whatever benefits him will indirectly benefit the merchant. The Company will also see that the money is loaned on such security as is not in the least doubtful. So far, the Company has succeeded beyond our most sanguine expectations, and if we only do justice to it, it will be one of the most important institutions in the country. (Hear, hear.) The Secretary will now read you the report.

The Secretary then read the following report:—

DIRECTORS' REPORT.

The first meeting of the Directors with the Shareholders of this Company, is one of congratulation and encouragement.

In the belief that the institution now inaugurated is destined to confer great and substantial benefit on the agricultural and commercial interests of this country, it is a source of much satisfaction that the early efforts of the Directors in establishing it, have been so cordially seconded, in the first instance by the public generally, and now by so large and wealthy a proprietary.

Since the Royal assent was given to the Act of Incorporation on the 16th of August last, the necessary steps have been taken for the disposal of the capital stock, and up to the present time 10,691 shares have been applied for; of these 7567 shares have been allotted, and the deposits paid thereon, and in a few days the further number necessary will have been allotted and the deposits in like manner paid.

It was originally intended to reserve 2,000 shares for the English market, but the applications for shares here have been so much more numerous than was anticipated, that it has been deemed advisable to limit the number for disposal in England to 1000; and it will be a subject for the future consideration of the Directors, whether, in addition to other powers which they will apply for in the ensuing Parliament, and of which notice has been given, they should not seek for an increase of Capital so necessary at the present time for the full development of our agricultural resources, and for the relief of those landed proprietors who have been and are suffering great depression, arising from causes unnecessary here to enumerate, but which are set forth in the full prospectus, in course of preparation, and which will be ready for adoption at the first meeting of the new Board.

The amount paid for deposits, together with a call of \$5 per share, will enable the Company to commence business immediately, and no time will be lost in making those investments which will bring into operation the power to issue debentures.

Issued as these will be on so firm a basis, the directors anticipate that they will become a favorite investment both for the large and small capitalists, and will consequently be negotiated with great ease. In that event, the calls on the shareholders will be very few, and be made at such long intervals and in such a manner as to press upon them as lightly as possible.

The task of framing By-laws for the management of the Company has been one of considerable labor, and since it is also one of great importance, the Directors have deemed it desirable to submit them for the approval of the shareholders in general meeting.

The introduction of a new institution into this country, embodying the principle of paying off a mortgage debt by little and little, met at first with considerable opposition, but when its true spirit became better known, this soon gave way, and it was received from one end of the Province to the other with the liveliest satisfaction. The Directors believe that this feeling will continue to exist, and that when the system is in full operation, it will be the means of conferring inestimable benefits, not only on the landowner, for whose especial good it is designed, but through him on every class in the community.

The Directors beg to lay before the shareholders the balance sheet of the Company for the three months ending 31st December, 1858.

VICTORIA HALL,
Toronto, 5th January, 1859. }

BALANCE SHEET.

For three months ending 31st December, 1858.

Dr.

To Shareholders Capital, viz.:

Deposits of \$2 per share on 7,567 shares allotted.....	\$	c.
	15,134	00
Cr.	15,134	00
	\$	c.
By Cash at the Bank.....	10,951	84
Cash Box.....	1,520	80
Preliminary Expenses account as per abstract.....	2,661	36
	15,134	00

Hon. MALCOLM CAMERON moved, and WM. LATIMER, Esq., seconded the adoption of the report.

It was carried unanimously.

The election of directors being the next business before the meeting,

Hon. M. CAMERON proposed the election of the old directors, with the exception of one gentleman who had resigned, presuming that there could be no difference of opinion regarding them. He was entirely satisfied with the report and the general ideas thrown out in it. The principle of paying by instalments was first adopted by Building societies, but as regarded those societies it was more objectionable there than the plan proposed by this institution. A plan similar to this, which was first brought in with successful operation, was introduced by Mr. Hinks in the matter of certain loans to municipalities, in which the payment of 8 per cent a year, paid off the entire debt in 30 years. The principle was safer and better for the agriculturist than anything that could be adopted. His opinion was, that the safety of the Company depended on the present Board,—a Board which had no ulterior objects in view—simply the advancement of the agricultural interests of the country. There were not in the city eight names less chargeable with speculation or a desire to benefit themselves by an institution of this kind, than the names which he proposed.

WILLIAM McMASTER, Esq., said that the Company had no object in view but the advancement of the agricultural interests. An institution of this kind could not, by any possibility, be made to answer the purposes of merchants. They got all the advances they required from the banks, if they were men of any standing. The great object which they had in view was the benefitting of the farming community, and as a matter of course indirectly benefitting themselves. Should he happen to be elected a member of the board his object would be to endeavor to get the means of accommodating the farmer. (Hear, hear.)

A ballot was then taken—this being the necessary mode of appointing directors, as required by law—and the following gentlemen were appointed directors: Hon. Malcolm Cameron, M.P.P., Hon. G. W. Allan, M.L.C., Col. Thomson, R. L. Dennison, Esq., Samuel Spreull, Esq., Wm. McMaster, Esq., Lewis Moffatt, Esq., T. D. Harris, Esq., W. P. Howland, Esq., M.P.P., F. H. Burton, Esq., M.P.P., Sheriff Smith, and C. Donaldson, Esq.,—the six last named to retire at the end of the year, to give place for the election of six new directors in their stead. The total number of votes represented was 2199.

By-laws for the guidance of the Company were then submitted to the meeting and adopted.

On motion of Arthur Macdonald, Esq., Mr. Alexander and Mr. Charles Robertson were appointed auditors for the ensuing year.

A SHAREHOLDER desired to know how soon the Company would commence loaning.

The PRESIDENT replied that the directors would have a meeting to-morrow, and decide on a call being made upon the shareholders, and so soon as that was responded to, they would be in a position to commence loaning. Probably about the middle of February they would go into operation.

In answer to another shareholder,

The PRESIDENT said that the act required that they should have a sum of \$50,000 paid up, before they could commence loaning, and that of course should come from the shareholders.

Mr. WALLIS.—How many instalments will you call in now?

The PRESIDENT.—One—that will be \$5 on every share.

On motion of Mr. MACDONALD, Mr. Symons was appointed Treasurer, as well as Secretary, for the ensuing year.

A vote of thanks was then passed to the Chairman for his able conduct in the Chair, and the meeting broke up.

JAN. 28/31

